

TOWNSHIP OF NESTER
ROSCOMMON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Nester Township	County Roscommon
Audit Date 3/31/04	Opinion Date 7/29/04	Date Accountant Report Submitted to State: 9/14/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

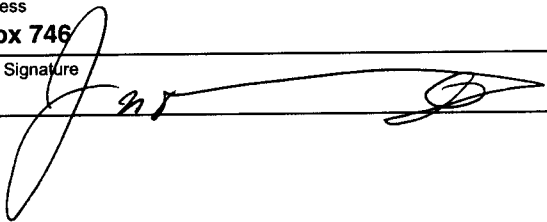
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, P.C.			
Street Address P.O. Box 746	City Roscommon	State MI	ZIP 48653
Accountant Signature 		Date 9/14/04	

TOWNSHIP OFFICIALS

Supervisor

William Whiting

Clerk

Carolyn Corlew

Treasurer

Mary Lou Muma

TRUSTEES

Ronald Southwell

Raymond Good

TOWNSHIP OF NESTER

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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

July 29, 2004

Township Board
Nester Township
Roscommon County, Michigan

We have audited the general purpose financial statements of the Township of Nester, County of Roscommon as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Nester, County of Roscommon, at March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 29, 2004, on our consideration of Nester Township's internal control over financial reporting and our test of its compliance with certain provision of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statement and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Township of Nester, County of Roscommon. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF NESTER
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
ASSETS		
Cash and investments	\$ 102,485	\$ 188,632
Due from State	2,417	-0-
Taxes receivable	1,213	4,921
Property, plant and equipment	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 106,115</u>	<u>\$ 193,553</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 886	\$ 110
Undistributed collections	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>886</u>	<u>110</u>
Fund Equity:		
Investment in general fixed assets	-0-	-0-
Fund balance - Designated	-0-	57,777
Fund balance - Undesignated	<u>105,229</u>	<u>135,666</u>
Total Fund Equity	<u>105,229</u>	<u>193,443</u>
Total Liabilities and Fund Equity	<u>\$ 106,115</u>	<u>\$ 193,553</u>

See Accompanying Notes to Financial Statements

<u>Fiduciary Fund Type</u>	<u>Account Groups</u> <u>General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>Agency</u>		
\$ 1,392	\$ -0-	\$ 292,509
-0-	-0-	2,417
-0-	-0-	6,134
<u>-0-</u>	<u>263,124</u>	<u>263,124</u>
<u>\$ 1,392</u>	<u>\$ 263,124</u>	<u>\$ 564,184</u>

\$ -0-	\$ -0-	\$ 996
<u>1,392</u>	<u>-0-</u>	<u>1,392</u>
<u>1,392</u>	<u>-0-</u>	<u>2,388</u>

-0-	263,124	263,124
-0-	-0-	57,777
<u>-0-</u>	<u>-0-</u>	<u>240,895</u>
<u>-0-</u>	<u>263,124</u>	<u>561,796</u>
<u>\$ 1,392</u>	<u>\$ 263,124</u>	<u>\$ 564,184</u>

TOWNSHIP OF NESTER
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	Governmental Fund Types		
	General	Special Revenue	Totals (Memorandum Only)
Revenues:			
Taxes and assessments	\$ 25,081	\$ 55,300	\$ 80,381
Intergovernmental	22,481	-0-	22,481
Charges for services	8,047	-0-	8,047
Licenses and permits	7,090	-0-	7,090
Interest	1,199	2,012	3,211
Other	1,133	2,169	3,302
Total Revenues	<u>65,031</u>	<u>59,481</u>	<u>124,512</u>
Expenditures:			
General government	44,174	-0-	44,174
Building administration	5,999	-0-	5,999
Fire/Ambulance	2,352	23,716	26,068
Cemetery	-0-	1,126	1,126
Garbage	-0-	17,649	17,649
Public works	8,604	-0-	8,604
Other	7,340	-0-	7,340
Total Expenditures	<u>68,469</u>	<u>42,491</u>	<u>110,960</u>
Excess:			
Revenue over (under) expenditures	(3,438)	16,990	13,552
Fund Balance - April 1	<u>108,667</u>	<u>176,453</u>	<u>285,120</u>
Fund Balance - March 31	<u>\$ 105,229</u>	<u>\$ 193,443</u>	<u>\$ 298,672</u>

See accompanying notes to financial statements

TOWNSHIP OF NESTER
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes and assessments	\$ 22,592	\$ 25,081	\$ 2,489
Intergovernmental	21,222	22,481	1,259
Charges for services	9,325	8,047	(1,278)
Licenses and permits	11,300	7,090	(4,210)
Interest	1,000	1,199	199
Other	1,000	1,133	133
Total Revenues	<u>66,439</u>	<u>65,031</u>	<u>(1,408)</u>
Expenditures:			
General government	63,274	44,174	19,100
Building administration	9,975	5,999	3,976
Fire/Ambulance	4,000	2,352	1,648
Cemetery	-0-	-0-	-0-
Garbage	-0-	-0-	-0-
Public works	9,600	8,604	996
Other	8,241	7,340	901
Total Expenditures	<u>95,090</u>	<u>68,469</u>	<u>26,621</u>
Excess:			
Revenue over (under) expenditures	(28,651)	(3,438)	25,213
Fund Balance April 1	<u>28,651</u>	<u>108,667</u>	<u>137,318</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ 105,229</u>	<u>\$ 105,229</u>

See Accompanying Notes to Financial Statements

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 53,019	\$ 55,300	\$ 2,281	\$ 75,611	\$ 80,381	\$ 4,770
-0-	-0-	-0-	21,222	22,481	1,259
-0-	-0-	-0-	9,325	8,047	(1,278)
-0-	-0-	-0-	11,300	7,090	(4,210)
1,880	2,012	132	2,880	3,211	331
950	2,169	1,219	1,950	3,302	1,352
<u>55,849</u>	<u>59,481</u>	<u>3,632</u>	<u>122,288</u>	<u>124,512</u>	<u>2,224</u>
-0-	-0-	-0-	63,274	44,174	19,100
-0-	-0-	-0-	9,975	5,999	3,976
62,950	23,716	39,234	66,950	26,068	40,882
3,500	1,126	2,374	3,500	1,126	2,374
18,050	17,649	401	18,050	17,649	401
-0-	-0-	-0-	9,600	8,604	996
-0-	-0-	-0-	8,241	7,340	901
<u>84,500</u>	<u>42,491</u>	<u>42,009</u>	<u>179,590</u>	<u>110,960</u>	<u>68,630</u>
(28,651)	16,990	45,641	(57,302)	13,552	70,854
<u>31,775</u>	<u>176,453</u>	<u>144,678</u>	<u>60,426</u>	<u>285,120</u>	<u>281,996</u>
<u>\$ 3,124</u>	<u>\$ 193,443</u>	<u>\$ 190,319</u>	<u>\$ 3,124</u>	<u>\$ 298,672</u>	<u>\$ 295,548</u>

TOWNSHIP OF NESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE A: ENTITY

The Township of Nester is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Nester (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if the data was not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Nester conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three generic fund types and two account groups, as follows:

GOVERNMENTAL FUNDS

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

FIDUCIARY FUNDS

Agency - These funds are used to account for assets held in trust or as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

TOWNSHIP OF NESTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

BASIS OF ACCOUNTING - The modified accrual basis of accounting is used by all governmental funds and agency funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual; that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related fund liability is incurred. Modifications from the accrual basis are as follows:

a. Property tax revenue are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 15 with the final collection date of February 28 before they are added to the county delinquent tax rolls. All taxes levied on December 1, 2003 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective fund.

b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.

c. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

d. Normally, expenditures are not divided between years by the recording of prepaid expenses.

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year.

TOWNSHIP OF NESTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budgets are adopted prior to March 31, of the preceding fiscal year. There are no carryover budget items.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost, or donated, fair market value. Expenditures which materially extend the useful life of existing properties or equipment are capitalized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 292,509	Checking and Savings Account	\$ 272,137
		CD's	20,372
Total	<u>\$ 292,509</u>	Total	<u>\$ 292,509</u>

Deposits - At year-end, the carrying amount of the Township's deposits were \$292,509 and the bank balance was \$296,316. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 42% of the total bank balance was covered by federal depository insurance.

The Government Accounting Standards Board Statement No. 3 risk disclosures for Nester Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 120,536	\$ 125,342
Uninsured and Uncollateralized	<u>171,973</u>	<u>170,974</u>
Total Deposits	<u>\$ 292,509</u>	<u>\$ 296,316</u>

TOWNSHIP OF NESTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE D - PROPERTY AND EQUIPMENT

A schedule of changes in general fixed assets is as follows:

	<u>Balance April 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance March 31</u>
Land & Improvements	\$ 25,436	\$ -0-	\$ -0-	\$ 25,436
Buildings & Improvements	106,828	3,290	-0-	110,118
Equipment & Vehicles	<u>127,570</u>	<u>-0-</u>	<u>-0-</u>	<u>127,570</u>
	<u>\$ 259,834</u>	<u>\$ 3,290</u>	<u>\$ -0-</u>	<u>\$ 263,124</u>

NOTE E - PENSION PLAN

Nester Township participates in a defined contribution pension plan, administered by Travelers Life Insurance Company. The plan is available for all Township Officials. Contributions to the pension investment plan are based on a percentage of 7.51% of compensation. Employees can also make voluntary contributions to the plan. For the year ended March 31, 2004, the Township made its required employer contribution of \$2,460. The value of the plan's assets and vested benefits as of March 31, 2004 was \$18,926.

NOTE F - EQUITY DESIGNATIONS

The Fire Fund has a designated fund balance in the amount of \$57,777 for future equipment replacement.

NOTE G - INSURANCE

The Township is a member of the Michigan Municipal Liability and Property Pool. As a member of the Pool, the Township is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 496,203	100
Liability	3,000,000	-0-
Errors and Omission	2,000,000	-0-
Medical	10,000	-0-
Automobiles	1,000,000	100
Crime	10,000	-0-
Inland Marine	238,000	100
Workmen's Compensation	STATUTORY	-0-

TOWNSHIP OF NESTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE H - TOTALS (MEMORANDUM ONLY) COLUMN

The total column on the combined statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

**SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF NESTER
GENERAL FUND
STATEMENT OF REVENUES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes and Assessments:			
General property taxes	\$ 22,592	\$ 25,081	\$ 2,489
Total Taxes and Assessments	<u>22,592</u>	<u>25,081</u>	<u>2,489</u>
Intergovernmental:			
State shared revenues	17,000	18,259	1,259
State swamp tax	<u>4,222</u>	<u>4,222</u>	<u>-0-</u>
Total Intergovernmental	<u>21,222</u>	<u>22,481</u>	<u>1,259</u>
Charges for Services:			
Fees	8,775	7,687	(1,088)
Rent	<u>550</u>	<u>360</u>	<u>(190)</u>
Total Charges for Services	<u>9,325</u>	<u>8,047</u>	<u>(1,278)</u>
Licenses and Permits	<u>11,300</u>	<u>7,090</u>	<u>(4,210)</u>
Interest	<u>1,000</u>	<u>1,199</u>	<u>199</u>
Other:			
Reimbursements	300	286	(14)
Miscellaneous	<u>700</u>	<u>847</u>	<u>147</u>
Total Other	<u>1,000</u>	<u>1,133</u>	<u>133</u>
Total Revenue	<u>\$ 66,439</u>	<u>\$ 65,031</u>	<u>\$ (1,408)</u>

TOWNSHIP OF NESTER
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government			
Township Board:			
Salaries-board	\$ 2,400	\$ 2,000	\$ 400
Legal& professional	5,159	3,111	2,048
Mileage	125	-0-	125
Printing and publishing	300	77	223
Office supplies	700	394	306
Miscellaneous	200	-0-	200
Total Township Board	<u>8,884</u>	<u>5,582</u>	<u>3,302</u>
Township Supervisor:			
Salary and wages	6,360	6,360	-0-
Mileage	250	265	(15)
Miscellaneous	325	99	226
Total Township Supervisor	<u>6,935</u>	<u>6,724</u>	<u>211</u>
Township Assessor:			
Contractual services	7,000	6,570	430
Professional services	435	-0-	435
Office supplies	300	264	36
Total Township Assessor	<u>7,735</u>	<u>6,834</u>	<u>901</u>
Election Board:			
Wages	450	-0-	450
Contractual services	275	-0-	275
Mileage	100	-0-	100
Miscellaneous	205	25	180
Total Election Board	<u>1,030</u>	<u>25</u>	<u>1,005</u>
Township Clerk:			
Salary and wages	7,480	7,231	249
Office supplies	350	272	78
Mileage	300	114	186
Miscellaneous	750	452	298
Total Township Clerk	<u>8,880</u>	<u>8,069</u>	<u>811</u>

TOWNSHIP OF NESTER
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government (continued)			
Township Treasurer:			
Salary and wages	\$ 7,820	\$ 7,644	\$ 176
Office supplies	1,000	544	456
Mileage	600	573	27
Miscellaneous	<u>550</u>	<u>460</u>	<u>90</u>
Total Township Treasurer	<u>9,970</u>	<u>9,221</u>	<u>749</u>
Board of Review:			
Salaries	1,000	600	400
Miscellaneous	<u>370</u>	<u>234</u>	<u>136</u>
Total Board of Review	<u>1,370</u>	<u>834</u>	<u>536</u>
Township Hall:			
Salaries and wages	600	390	210
Utilities	3,650	2,494	1,156
Supplies	250	25	225
Contractual services	1,320	1,339	(19)
Repairs and maintenance	1,500	1,601	(101)
Miscellaneous	250	150	100
Capital outlay	<u>6,800</u>	<u>-0-</u>	<u>6,800</u>
Total Township Hall	<u>14,370</u>	<u>5,999</u>	<u>8,371</u>
Zoning Board:			
Salaries and wages	1,700	826	874
Supplies	500	-0-	500
Legal and professional	1,000	-0-	1,000
Mileage	250	60	190
Printing and Publishing	500	-0-	500
Miscellaneous	<u>150</u>	<u>-0-</u>	<u>150</u>
Total Zoning Board	<u>4,100</u>	<u>886</u>	<u>3,214</u>
Total General Government	<u>63,274</u>	<u>44,174</u>	<u>19,100</u>

TOWNSHIP OF NESTER
GENERAL FUND
STATEMENT OF EXPENDITURES, COMPARED TO BUDGET
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Building Administration:			
Building inspector	\$ 3,325	\$ 1,759	\$ 1,566
Electrical inspector	2,850	1,746	1,104
Plumbing and Mechanical inspector	<u>3,800</u>	<u>2,494</u>	<u>1,306</u>
Total Building Administration	<u>9,975</u>	<u>5,999</u>	<u>3,976</u>
Public Safety:			
Ambulance	<u>4,000</u>	<u>2,352</u>	<u>1,648</u>
Public Works:			
Street lights	1,500	1,384	116
Roads	<u>8,100</u>	<u>7,220</u>	<u>880</u>
Total Public Works	<u>9,600</u>	<u>8,604</u>	<u>996</u>
Other:			
Insurance and bonds	4,341	4,341	-0-
Pension plan	3,000	2,630	370
Social Security/Medicare	<u>900</u>	<u>369</u>	<u>531</u>
Total other	<u>8,241</u>	<u>7,340</u>	<u>901</u>
Total Expenditures	<u>\$ 95,090</u>	<u>\$ 68,469</u>	<u>\$ 26,621</u>

TOWNSHIP OF NESTER
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

ASSETS	<u>Fire</u>	<u>Cemetery</u>	<u>Garbage</u>
Cash and investments	\$ 104,250	\$ 10,987	\$ 15,618
Taxes receivable	<u>1,721</u>	<u>-0-</u>	<u>3,200</u>
Total Assets	<u>\$ 105,971</u>	<u>\$ 10,987</u>	<u>\$ 18,818</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 110	\$ -0-	\$ -0-
Total Liabilities	<u>110</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:			
Designated	-0-	-0-	-0-
Undesignated	<u>105,861</u>	<u>10,987</u>	<u>18,818</u>
Total Fund Equity	<u>105,861</u>	<u>10,987</u>	<u>18,818</u>
Total Liabilities and Fund Equity	<u>\$ 105,971</u>	<u>\$ 10,987</u>	<u>\$ 18,818</u>

<u>Fire Equipment</u>	<u>Totals (Memorandum Only)</u>
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\$ 57,777	\$ 188,632
<u>-0-</u>	<u>4,921</u>

<u>\$ 57,777</u>	<u>\$ 193,553</u>
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\$ -0-	\$ 110
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<u>-0-</u>	<u>110</u>
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57,777	57,777
<u>-0-</u>	<u>135,666</u>

<u>57,777</u>	<u>193,443</u>
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<u>\$ 57,777</u>	<u>\$ 193,553</u>
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TOWNSHIP OF NESTER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

	<u>Fire</u>	<u>Cemetery</u>	<u>Garbage</u>
Revenues:			
Taxes	\$ 35,582	\$ -0-	\$ 19,718
Interest	1,114	92	72
Other	<u>1,369</u>	<u>800</u>	<u>-0-</u>
Total Revenues	<u>38,065</u>	<u>892</u>	<u>19,790</u>
Expenditures:			
Personal service	3,020	600	-0-
Fringe benefits	220	46	-0-
Utilities	2,582	-0-	-0-
Vehicle	1,618	-0-	-0-
Contractual services	1,804	480	17,649
Training & education	3,091	-0-	-0-
Insurance	4,944	-0-	-0-
Supplies/repairs	3,118	-0-	-0-
Miscellaneous	29	-0-	-0-
Capital outlay	<u>3,290</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>23,716</u>	<u>1,126</u>	<u>17,649</u>
Excess:			
Revenues over (under) expenditures	14,349	(234)	2,141
Fund Balance - April 1	<u>91,512</u>	<u>11,221</u>	<u>16,677</u>
Fund Balance - March 31	<u>\$ 105,861</u>	<u>\$ 10,987</u>	<u>\$ 18,818</u>

<u>Fire Equipment</u>	<u>Totals (Memorandum Only)</u>
\$ -0-	\$ 55,300
734	2,012
<u>-0-</u>	<u>2,169</u>
<u>734</u>	<u>59,481</u>
-0-	3,620
-0-	266
-0-	2,582
-0-	1,618
-0-	19,933
-0-	3,091
-0-	4,944
-0-	3,118
-0-	29
<u>-0-</u>	<u>3,290</u>
<u>-0-</u>	<u>42,491</u>
734	16,990
<u>57,043</u>	<u>176,453</u>
<u>\$ 57,777</u>	<u>\$ 193,443</u>

TOWNSHIP OF NESTER
COMBINING BALANCE SHEET-ALL FIDUCIARY FUNDS
MARCH 31, 2004

ASSETS	<u>General</u>	<u>Tax Collection</u>	<u>Totals</u>
Cash and investments	\$ <u>1,274</u>	\$ <u>118</u>	\$ <u>1,392</u>
Total Assets	\$ <u><u>1,274</u></u>	\$ <u><u>118</u></u>	\$ <u><u>1,392</u></u>
LIABILITIES			
Undistributed collections	\$ <u>1,274</u>	\$ <u>118</u>	\$ <u>1,392</u>
Total Liabilities	\$ <u><u>1,274</u></u>	\$ <u><u>118</u></u>	\$ <u><u>1,392</u></u>

TOWNSHIP OF NESTER
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-ALL AGENCY FUNDS
YEAR ENDED MARCH 31, 2004

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31</u>
<u>TRUST AND AGENCY</u>				
ASSETS				
Cash and investments	\$ 296	\$ 10,512	\$ 9,534	\$ 1,274
Total Assets	<u>\$ 296</u>	<u>\$ 10,512</u>	<u>\$ 9,534</u>	<u>\$ 1,274</u>
LIABILITIES				
Undistributed collections	\$ 296	\$ 10,512	\$ 9,534	\$ 1,274
Total Liabilities	<u>\$ 296</u>	<u>\$ 10,512</u>	<u>\$ 9,534</u>	<u>\$ 1,274</u>
<u>TAX COLLECTION</u>				
ASSETS				
Cash and investments	\$ 113	\$ 581,500	\$ 581,495	\$ 118
Total Assets	<u>\$ 113</u>	<u>\$ 581,500</u>	<u>\$ 581,495</u>	<u>\$ 118</u>
LIABILITIES				
Undistributed collections	\$ 113	\$ 581,500	\$ 581,495	\$ 118
Total Liabilities	<u>\$ 113</u>	<u>\$ 581,500</u>	<u>\$ 581,495</u>	<u>\$ 118</u>
<u>TOTALS</u>				
ASSETS				
Cash and investments	\$ 409	\$ 592,012	\$ 591,029	\$ 1,392
Total Assets	<u>\$ 409</u>	<u>\$ 592,012</u>	<u>\$ 591,029</u>	<u>\$ 1,392</u>
LIABILITIES				
Undistributed collections	\$ 409	\$ 592,012	\$ 591,029	\$ 1,392
Total Liabilities	<u>\$ 409</u>	<u>\$ 592,012</u>	<u>\$ 591,029</u>	<u>\$ 1,392</u>



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

July 29, 2004

Township Board
Nester Township
Roscommon County, Michigan

Dear Board:

We have audited the general purpose financial statements of Nester Township for the year ended March 31, 2004, and have issued our report thereon dated July 29, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nester Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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Township Board
Nester Township
July 29, 2004

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nester Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and the Township Board, and is not intended to be, and should not be used by anyone other than these specified parties.



ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS